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Citrus Annual Report

South Africa

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Prepared **by: Joe Lopez**
Agricultural Attache
American Embassy,
FAS: Pretoria, S.A.

Drafted by:
Patricia Mabiletsa
Agricultural Specialist

Report Highlights: In spite of the fluctuation in weather conditions, the total citrus production for 1998 is forecast at 1.258 million metric tons, up 2% over last year's level. This is because of the increase in the total number of bearing trees. Total citrus exports is estimated at 616,000 mt, an increase of 6.7% over the previous year. This increase is the result of the phasing out of the marketing boards under the new Agricultural Marketing Act of 1996. This made it possible for all markets to be fully utilized under the free market system.

Includes PSD changes:
Includes Trade Matrix:

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Executive Summary

South African fresh citrus production for 1998 (the crop harvested in 1999) is forecast at 1.258 million tons, up 2% on the previous year's output. This is because of the increase in the total number of bearing trees. The total area cultivated to citrus amounted to 61,713 ha, with oranges occupying more than 87% of the area. South Africa also received sufficient rain during the season which contributed to the overall increase in production. The Orange crop expected this year is estimated at 974,000 mt., about 1.3% greater than one year ago while the grapefruit crop is forecast at 189,000 metric tons, only slightly more than the production in 1997. The 1998 lemon crop for is forecast at 95,000 metric tons, about 7.4% greater than one year ago.
The estimate of domestic consumption of fresh citrus increased to 322,000 mt. from 317,000 mt. in the previous season, a rise of about 2% . Consumption of fresh oranges is the highest among the total citrus products and amount to 291,000mt. On the other hand, grapefruit and lemons' domestic consumption amount to 10,000 mt. and 17,000 mt. respectively.
Total South African citrus exports in 1999 is forecast at 616,000 metric tons, an increase of 6.7% from the previous years' level, assisted by the new Agricultural Marketing Act freeing up the markets.

PS&D Oranges

PSD Table						
Country:	South Africa					
Commodity:	Oranges					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		02/1997		02/1998		02/1999
Area Planted	47422	47422	48844	48844	53728	53728
Area Harvested	41300	41300	42261	42261	43539	43539
Bearing Trees	14725	14725	15067	15067	16122	16122
Non-Bearing Trees	1636	1636	1685	1685	1854	1854
TOTAL No. Of Trees	16361	16361	16752	16752	17976	17976
Production	970	895	1028	961	1039	974
Imports	75	1	82	1	90	1
TOTAL SUPPLY	1045	896	1110	962	1129	975
Exports	668	406	675	443	720	450
Fresh Dom. Consumption	157	270	148	291	153	295
Processing	220	220	287	228	256	230
TOTAL DISTRIBUTION	1045	896	1110	962	1129	975

Production

The fresh orange production indicate an increasing trend from FAS 1996 up to FAS 1999, estimated at about 975, 000 tons for the latter year. The production is expected to rise by 8.8% between production year 1997 and 1999. This increase in production is contributed to conducive weather conditions, increasing number of trees, as well as more trees coming into bearing. The increase in the area planted to oranges also contributed to the general increase in production. This came about because of more wheat farmers who are moving away from wheat production to citrus production as a result of deregulations of controlled markets that assured consistent availability and at a least fair quality product.

Consumption

Domestic consumption of fresh oranges is expected to rise by about 1.4% in 1998. The consumption for 1997 was 290,000mt, expecting to rise to 295,000mt in 1998. This rise is contributed to an increase in production as a result of the rise in the number of fruit bearing trees.

Trade

Trade matrix: Fresh Oranges

Export Trade Matrix			
Country:		Units:	M/TONS
Commodity:			
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	290	U.S.	181
Others		Others	
Belgium	179005	Reunion	16333
Saudi Arabia	74034	Congo	119
United Kingdom	31076	Zambia	1127
Russian Federat	18348	Zimbabwe	32
Japan	16157	Canada	211130
Canada	11979	United Arab Emig.	20919
Poland	8209	France	19615
France	7983	Germany	12375
Netherlands	7337	Spain	10204
Hong Kong	14908	Japan	9185
Total for Others	369036		301039
Others not listed	36413		142091
Grand Total	405739		443311

The total orange exports for 1998 is 443,311 metric tons, an increase of 8.5 % that was exported last year. South Africa exported 181 metric tons of fresh oranges to the United States alone, which is marginally lower than last years exports that amounted to 290 metric tons.

In an effort to stabilize the export market, South African is seeking new markets and is currently negotiating a free trade agreement with the EU.

Policy:

The New Agricultural Products Marketing Act of 1996 made it possible for all controlled boards to be phased out. Hence, the Citrus industry is now fully operating in a free marketing system. As a result UNIFRUCO and OUTSPAN are now some of the players in the industry, with no exclusive power over citrus marketing.

Due to this policy change, opportunities opened-up to those aspirant exporters/importers who were prohibited by the previous marketing dispensation. Currently, there has been a growing number of independent marketers who are exporting through Capespan's Maputo terminal.

Speculations on this is also an increase in the trickling of citrus and citrus products from other countries.

Reacting to this situation, the South African Department of Agriculture and other institutions in charge of Trade protocol have currently reviewed existing regulations to be in line with the new marketing environment. As a result, tariffication is put to place on all citrus and citrus products. That is, a 5% phytosanitary requirement and quality standards.

Marketing

In 1998, about 140 new independent fruit exporters registered with the South African Department of Trade and Industry to handle citrus and other deciduous fruits' exportation matters. This gives farmers a wider choice of exporters to use. South African Trade Sources suggest that despite the large number of registered fruit exporters, only a handful will be able to export citrus products. Furthermore, the extent at which they are increasing for the moment will make risk averse farmers continue marketing their products with Outspan until the uncertainty of a deregulated environment has settled. Moreover, South African Trade sources indicate that quantities that are going to be marketed through Outspan will decline in the next few years.

Domestic citrus marketing is now fully operating under a free marketing system, as a result of the Agricultural Product Marketing Act of 1996. Although the free marketing environment has some threat and opportunities to both farmers and fruit dealers, it directly shows South African producers and citrus dealers what the global market requires in terms of quality grading. This will also encourage other dealers who could not compete at the international level to focus more at the development of the local market which was neglected through the previous marketing dispensation. The developed local market will offer market opportunities to U.S. fruit exporters who were interested in the South African market but prohibited by the then marketing environment. However, South Africa is a net exporter of oranges.

Citrus are distributed mainly through fruit and vegetable markets, retail and chain stores, and fruits and vegetable dealers and informal trade outlets. Informal trading outlets distribute considerable amounts of citrus in areas where other outlets are not effective. They serve as major outlets in South Africa's rural areas and black townships which are now growing in status as potential marketing outlets for different agricultural products including citrus.

This distribution channel is being nourished by other distribution outlets who use it to expand their own business opportunities. They close the vacuum that existed in the domestic market of citrus and other fruit and vegetables. As a result there is a continuous flow of citrus products across all areas in South Africa. According to South African Trade Sources the present marketing environment suggests that local markets will get better grades of fruits. This is induced by the opened market system which expose consumers to imported commodities of good quality and grades at affordable prices. Thus, being used to this type of products will induce South African consumers to continue to require good products. Local producers are therefore challenged by both foreign markets and local consumers to improve the quality of their produce.

PS&D: Concentrated Orange Juice

PSD Table						

Country:				Mt. 65*	Degrees Brix	
Commodity:	Orange Juice					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	220	220	287	228	256	230
Beginning Stocks	1210	1210	1300	4185	1280	3338
Production	12057	16940	12413	17556	0	15785
Imports	189	0	200	0	0	0
TOTAL SUPPLY	13456	18150	13913	21741	1280	19123
Exports	1670	2465	2500	6403	0	5000
Domestic Consumption	10486	11500	10133	12000	0	12500
Ending Stocks	1300	4185	1280	3338	1280	1623
TOTAL DISTRIBUTION	13456	18150	13913	21741	1280	19123

Production

About 205,000t of fresh oranges will be processed this year(1999), which is 22,000t lower than used in 1998. This might be due to an increase in domestic consumption of fresh oranges(see ps&d fresh oranges). The processing industry reflect a slight decline of about 1,771,000t lower than that for 1998. Export volume will also be 22% lower than in 1998. This is because, firstly, an expected increase in exports for fresh oranges. Secondly, expected increase of 25% for domestic consumption is possible.

Trade

According to the trade data supplied by the South African Department of Customs and Excise, in 1996 about 7,000 MT of orange juice was exported to about 40 countries. The data also shows some limited imports mainly from the United Kingdom, Italy, Ireland and Hongkong. The continued growth of the South African juice market offer opportunities for overseas juice manufacturers though not yet explored. 1997 saw a dramatic increase of juice exports from South Africa. The growing rate of juice exports will leave a vacuum in the domestic market, which could be closed by exports from the U.S. Locally orange juice production is distributed mainly by wholesalers, retail chain stores and dealers. South Africa's isolation from the global world denied South Africans opportunities of accessing products with acclaimed international flavors. Thus good quality U.S. orange juices if well targeted could take a certain stake of the juice market. Juice imports like other food imports need to conform with the basic conditions of the Foodstuffs, Cosmetics and Disinfectants Act (Act No. 54 of 1972) and the Trade Metrology Act (Act No. 77 of 1972). The Foodstuffs, Cosmetics and Disinfectants Act regulates quality of foodstuffs, thereby prescribing and indicating all requirements to be met. It also outlines labeling requirements for juice and other products intended for the South African market.

PS&D Grape Fruit

PSD Table						
Country:	S.A.					
Commodity:	Fresh Grapefruit					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		02/1997		02/1998		02/1999
Area Planted	4223	4223	4350	4350	0	4360
Area Harvested	3811	3811	3925	3925	0	3927
Bearing Trees	15141	15141	15317	15317	0	15360
Non-Bearing Trees	83	83	90	90	0	100
TOTAL No. Of Trees	15224	15224	15407	15407	0	15460
Production	177	177	180	184	0	189
Imports	40	2	40	1	0	1
TOTAL SUPPLY	217	179	220	185	0	190
Exports	105	133	110	140	0	145
Fresh Dom. Consumption	62	8	60	10	0	10
Processing	50	38	50	35	0	35
TOTAL DISTRIBUTION	217	179	220	185	0	190

Production

Grapefruit production is forecast at 189 000 metric tons, a marginal increase from last year's production of 184,000t. Total fresh grapefruit supply is forecast at 190,000 metric tons, as compared to 185,000mt supplied in 1997. The rise is mainly due to more bearing trees.

Consumption

The domestic consumption will stay the same as last year(10 000mt). South African domestic markets normally do not stock a lot grapefruit for consumption purposes as most of the fruit is basically produced for exportation.

Trade

Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric tons

Commodity:			
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.		U.S.	10
Others		Others	
Belgium	103578	Netherlands	44358
Japan	24603	Belgium	42979
Canada	2005	United kingdom	22342
		Japan	13378
		Russian Fed.	3531
		Italy	3437
		France	2872
		Germany	1729
		Spain	1278
		Hong Kong	947
Total for Others	130186		136851
Others not listed	3181		3610
Grand Total	133367		140471

South Africa’s fresh grapefruit export to the United States increased to 10 ,000mt in 1998, which is a 100% increase over what was exported last year. Nearly 141, 000mt was exported in 1998, compared to last year’s 133, 000mt.

Marketing

A free marketing system exists for all citrus products. According to South African Trade sources in 1997, grapefruit did not fare well in the export market. This poor performance was the result of the late start in the season resulting from unseasonably warm weather which impacted badly on fruit coloring. This resulted in their late arrival in the export markets, thus facing severe competition from products from other Northern Hemisphere markets.

PS&D Lemons

PSD Table						
Country:	South Africa, Republic of					

Commodity:	Fresh Lemons					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		02/1997		02/1998		02/1999
Area Planted	3485	3485	3519	3519	3550	3550
Area Harvested	2929	2929	2958	2958	2958	2958
Bearing Trees	1153	1153	1164	1164	1164	1164
Non-Bearing Trees	167	167	169	169	200	200
TOTAL No. Of Trees	1320	1320	1333	1333	1364	1364
Production	74	84	76	88	92	95
Imports	0	0	0	0	0	0
TOTAL SUPPLY	74	84	76	88	92	95
Exports	44	35	46	42	46	45
Fresh Dom. Consumption	8	16	8	16	16	17
Processing	22	33	30	30	30	33
TOTAL DISTRIBUTION	74	84	84	88	92	95

Production

Production trend reflects a steady increase in the last three years. Total production of fresh lemons will increase to 95,000mt for 1998, that is 7% more than what was produced last year. The rise is due to increased area planted as well as enough soil moisture content.

Consumption

Domestic consumption of fresh lemons is forecast at 17,000mt, about 1 000mt more than last year’s consumption. Fresh lemon crop is mainly exported and also processed other than be distributed for consumption purposes.

Trade

Export matrix: Fresh Lemons

Export Trade Matrix			
Country:		Units:	M/TONS
Commodity:			

Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	0	U.S.	27
Others		Others	
Saudi Arabia	9528	Saudi Arabia	13825
Japan	6149	Hong Kong	5495
United Kingdom	4909	Emirates	5259
Belgium	4911	United Kingdom	4192
Hong Kong	1978	Netherlands	2709
Netherlands	1364	Singapore	1876
Croatia	1257	Japan	1735
		Belgium	1507
		Switzerland	759
		Kuwait	655
Total for Others	30096		38012
Others not listed	5070		3952
Grand Total	35166		41991

The total lemon exports for 1998 was 41,991mt, which is 16% more than the 35,166mt. that was exported the previous year, while 27 tons of lemons were exported to the United States.